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Executive Officer

# Quarterly Legislative Report

Agenda Item No. 7a.  
July 12, 2006

The change of seasons brought about the introduction of new legislation and the revival of previously introduced bills that appeared to have gone asleep in the earlier part of the legislative session. During the month of March, Governor Schwarzenegger unveiled his "Strategic Growth Plan" and began campaigning his effort across the state to highlight the need to address the issues of education, transportation and the state's infrastructure. As summer approached our legislators began the annual ritual of reviewing the Governor's proposed state budget. As our lawmakers worked diligently to meet the June 15<sup>th</sup> deadline, the budget was adopted prior to the beginning of another fiscal year and senators adjourned for Summer Recess.

Although this past year did not include plentiful bills of interest to LAFCO, there were a few bills of significance to LAFCO's authority and policies. The following report includes recommended actions for Commission consideration and a summary of the LAFCO-related bills.

## RECOMMENDED ACTIONS:

Staff recommends that the Commission take the following actions:

1. Receive and file the July 12, 2006 Quarterly Legislative Report.
2. Adopt positions on 2006 legislation.

**DISCUSSION:**

Since our last legislative update to the Commission, the bills of interest to LAFCO are still working their way through the Legislature. As a reminder, LAFCO-related proposed legislation includes non-substantive and non-controversial changes to the Cortese-Knox-Hertzberg Act of 2000 (Omnibus Bill – AB 3074) and an effort to address the revenue loss to local governments created by Proposition 1A (AB 1602). Bills for the following additional LAFCO issues have been added to this year's legislative session since the last LAFCO quarterly legislative update:

- Extension of islands annexation legislation (AB 2223)
- Extension of LAFCO's authority for review of services to previously unserved areas (AB 2259)
- LAFCO policies as a factor in Regional Housing Needs (RHNA) Allocations (AB 2158)

Following is a summary of each of these bills and recommended legislative positions for the Commission to consider. The full text of the bills may be reviewed at <http://leginfo.ca.gov>.

## LAFCO Bills of Interest

➤ **AB 1602 (Laird-Santa Cruz)**

In February 2005, Assemblyman Laird introduced a bill to address the revenue gap that was created for cities as a result of Proposition 1A, which included the state-take-away of Vehicle License Fee (VLF)/Property Tax revenues from local governments. More specifically, AB 1602 was seeking to eliminate the restriction on new cities incorporated after August 5, 2004 receiving additional allocations of VLF revenues for a period of seven years – known as the “VLF bump.”

This bill would require that cities that are incorporated after August 5, 2004, but before July 1, 2009, be allocated VLF revenues in an amount determined pursuant to a specified formula. This bill would also require that cities that were incorporated before August 5, 2004, be allocated additional VLF revenues in an amount determined pursuant to a specified formula. This bill would also establish a formula to determine, for purposes of these allocations, the population of a city that is incorporated after August 5, 2004. This bill would declare that it is to take effect immediately as an urgency statute.

- **Status:** Transportation & Housing Committee.
- **Next Hearing Date:** No hearing date set.
- **Recommendation:** Support

➤ **AB 2158 (Evans-Santa Rosa)**

Existing law requires that at least 2 years prior to a scheduled revision of a city or county housing element of its general plan, each council of governments or delegate subregion shall develop a proposed methodology for distributing the existing and projected housing need to cities, counties, and cities and counties within the region or subregion. The methodology includes a list of specified factors.

This bill would add to that list the factors the adopted spheres of influence for all local agencies in the region and adopted policies of the Local Agency Formation Commission.

- **Status:** Transportation & Housing Committee.
- **Next Hearing Date:** No hearing date set.
- **Recommendation:** Support

➤ **AB 2223 (Salinas-Salinas)**

Existing law requires LAFCO to approve, after notice and hearing, an annexation to a city of unincorporated island territory (consisting of 150 acres or less) if the annexation is initiated on or after January 1, 2000, and before January 1, 2007, and other conditions are met.

This bill would delete the January 1, 2007 limitation and extend this date to January 1, 2014 and would make other conforming changes.

Our Commission in collaboration with the County and several cities has been successful in annexing 27 (nearly half) of the 57 small unincorporated islands (150 acres or less) within Orange County. Based on a survey prepared by CALAFCO in April 2006, Orange LAFCO has annexed more small islands than any other LAFCO in state and is at the top of the group for island annexations that are in process with potential for annexation in the near future. Therefore, staff recommends that the Commission support AB 2223 which in passage would extend the islands legislation sunset date to January 2014.

- **Status:** Rules Committee for assignment.
- **Next Hearing Date:** No hearing date set.
- **Recommendation:** Support

➤ **AB 2259 (Salinas-Salinas)**

Existing law authorizes LAFCO until January 1, 2007 to review and approve a proposal that extends services into previously unserved territory within unincorporated areas and to review the creation of new service providers to extend urban type development into previously unserved territory within unincorporated areas to ensure that the proposed extension is consistent with the policies of the commission and certain policies under state law.

This bill would extend the operation of the above provision to January 1, 2013.

- **Status:** Senate Local Government Committee.
- **Next Hearing Date:** June 21, 2006
- **Recommendation:** Support

➤ **AB 3074 (Senate Local Government Committee)**

CALAFCO is working closely with the Senate Local Government Committee and legislative staff to “clean up” various areas of the Cortese-Knox-Hertzberg Act (CKH). This remains an ongoing effort to make a series of technical and non-controversial changes to correct or clarify government code specific to the CKH Act.

- **Status:** Senate Local Government Committee, 2<sup>nd</sup> Reading.
- **Next Hearing Date:** June 7, 2006
- **Recommendation:** Support

The Legislature will reconvene from Summer Recess on August 7, 2006. Your next quarterly legislative report will be presented at the September 13, 2006 meeting.

Respectfully submitted,

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JOYCE CROSTHWAITE

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CAROLYN EMERY